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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In re EASTERDAY RANCHES, INC., <i>et al.</i> Debtors. <sup>1</sup>	Chapter 11 Lead Case No. 21-00141-WLH11 Jointly Administered
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EASTERDAY RANCHES, INC. and EASTERDAY FARMS,  Plaintiffs,  vs.  RABO AGRIFINANCE LLC, a Delaware limited liability corporation,  Defendant.	Adv. Proc. No. _____  <b>COMPLAINT FOR INJUNCTIVE RELIEF</b>
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<sup>1</sup> The Debtors along with their case numbers are as follows: Easterday Ranches, Inc., (21-00141-WLH11) and Easterday Farms, a Washington general partnership (21-00176-WLH11).

COMPLAINT FOR INJUNCTIVE  
RELIEF – Page 1

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1 Easterday Ranches, Inc. (“Ranches”) and Easterday Farms (“Farms”) are the  
2 debtors and debtors in possession and plaintiffs in the above-captioned adversary  
3 proceeding (the “Debtors” or “Plaintiffs”). The Debtors, by this Complaint, seek  
4 injunctive relief to prohibit Rabo Agrifinance LLC, the defendant herein (“Rabo” or  
5 “Defendant”), from engaging in collection efforts against the general partners of Farms,  
6 Cody Easterday, Debby Easterday and Karen Easterday (in her individual capacity and  
7 as the representative of her recently deceased husband, Gale Easterday), who are co-  
8 owners of several of the Debtors’ real property assets (collectively, the “Partners”).  
9 Such collection efforts by Rabo are the subject of a lawsuit captioned *Rabo Agrifinance*  
10 *LLC, Plaintiff v. 3E Properties et. al. Defendants*, Case No. 21-cv-05066, pending in  
11 the District Court for the Eastern District of Washington, Richmond Division which is  
12 being actively pursued against the Partners (the “Rabo Action”).<sup>2</sup> The injunctive relief  
13 requested by this Complaint – enjoining Rabo’s collection efforts against the Partners  
14 until the effective date of a plan in these chapter 11 cases – is necessitated as the Debtors  
15 require the immediate and continued attention, assistance and cooperation of the  
16 Partners to facilitate and implement the contemplated sales process of the Debtors’ real  
17 and personal property assets and their continued assistance in connection with the  
18 Debtors’ contemplated plan in these chapter 11 cases.<sup>3</sup> In support of this Complaint,  
19 the Debtors allege as follows:  
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23 <sup>2</sup> The complaint filed by Rabo in the Rabo Action is referred to herein as the “Rabo  
24 Complaint” and is attached hereto as **Exhibit A**.

25 <sup>3</sup> By this Complaint, the Debtors do not seek to substantively impair the rights of  
26 Rabo with respect to its asserted claims or liens. Rabo will continue to hold any claims or  
27 liens with the same validity, extent and priority that such claims and liens would otherwise  
28 be entitled to in the Debtors’ chapter 11 cases or vis-à-vis the Partners or other defendants in  
the Rabo Action (the “Rabo Defendants”).

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## **JURISDICTION, VENUE AND PARTIES**

1. The court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b). This action is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A) and (O).

2. Venue is proper in this District under 28 U.S.C. § 1409.

3. The proceeding has been brought in accordance with Rules 7001(7) and 7065 of the Federal Rules of Bankruptcy Procedure.

4. Debtor Easterday Ranches, Inc. is a Washington State corporation.

5. Debtor Easterday Farms is a Washington State general partnership.

6. Defendant Rabo is a Delaware limited liability company, fka Rabo Agrifinance, Inc.

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## **THE PARTNERS**

7. Cody Easterday is an individual residing in Franklin County, Washington, and he is a general partner of Farms and a purported owner<sup>4</sup> of parcels of real property that make-up the “farms” defined here as (a) Goose Gap Farm; (b) River Farm; and (c) Cox Farm.

8. Debby Easterday is an individual residing in Franklin County, Washington, and she is a general partner of Farms and a purported owner of parcels of real property that make-up the “farms” defined here as (a) Goose Gap Farm; (b) River Farm; and (c) Cox Farm.

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<sup>4</sup> The Debtors are continuing to analyze issues relating to ownership and title of the Sale Properties and reserve all rights with respect thereto. Nothing herein should be deemed an admission with respect to title or ownership regarding any of the Sale Properties.

9. Karen Easterday is an individual residing in Franklin County, Washington, and she is a general partner of Farms and a purported owner of parcels of real property that make-up the “farms” defined here as (a) Goose Gap Farm; (b) River Farm; and (c) Cox Farm. Karen Easterday is also the personal representative of the estate of Gale Easterday. Gale Easterday was a general partner of Farms and a purported owner of parcels of real property that make up the “farms” defined here as (a) Goose Gap Farm; (b) River Farm; and (c) Cox Farm.

## BACKGROUND FACTS

10. Plaintiffs incorporate herein and re-allege the allegations above.

### A. Case Background

11. On February 1, 2021 (the “Ranches Petition Date”), Ranches filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) before this court.

12. On February 8, 2021 (the “Farms Petition Date,” together with the Ranches Petition Date, the “Petition Dates”), Farms also filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code before this court.

13. The Debtors continue to operate and manage their business and affairs as debtors in possession in their chapter 11 cases pursuant to sections 1107 and 1108 of the Bankruptcy Code.

14. On February 16, 2021, the Office of the United States Trustee (the “U.S. Trustee”) appointed the following creditors to the Ranches Official Committee of Unsecured Creditors, as amended [Docket Nos. 152, 154, and 155] (the “Ranches Committee”): (i) J.R. Simplot; (ii) Alto Nutrients; and (iii) Animal Health International.

COMPLAINT FOR INJUNCTIVE  
RELIEF – Page 4

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1           15. On February 22, the U.S. Trustee appointed the following creditors to the  
2 Farms Official Committee of Unsecured Creditors, as amended [Docket Nos. 187 and  
3 193] (the “Farms Committee” and together with the Ranches Committee, the  
4 “Committees”): (i) Labor Plus Solutions, Inc.; (ii) The McGregor Company; (iii) John  
5 Deer Financial; (iv) Dykman Electrical Inc.; (v) Two Rivers Terminal; and (vi) Frank  
6 Bushman.

7  
8 **B. The Debtors’ Business Operations and the Properties**

9           16. The Debtors operate commercial farming and ranching operations which  
10 require significant acreage to accommodate the Debtors’ expansive operations. In this  
11 regard, the Debtors’ operations span approximately 22,500 acres over multiple farms,  
12 lots/ranches, and other complexes and facilities, which are generally referred to by their  
13 common names: (i) Goose Gap Farm, (ii) River Farm, (iii) Nine Canyon Farm, (iv) Cox  
14 Farm, and (v) a storage complex and farmhouse on River Farm (the “Storage Complex,”  
15 and, collectively, the “Sale Properties”).

16  
17           17. Though the Storage Complex and Nine Canyon Farm (the “Debtor  
18 Properties”) are owned by the Debtors, the Partners, Farms and Ranches own separate  
19 parcels of real property contained within the larger boundaries of Cox Farm and River  
20 Farm (the “Joint Properties”). The Partners assert that they own Goose Gap Farm,  
21 which is adjacent to or connected with the Joint Properties and/or the Debtor Properties  
22 (the “Non-Debtor Property”). Nevertheless, the Debtors, working with their  
23 professionals, are in the process of untangling the ownership issues with respect to the  
24 various parcels encompassing the above referenced “farms.”

1 18. Because of the contiguity and interconnectedness of the Sale Properties, it  
2 was critical that the Debtors be able to market and sell all of the Sale Properties in a  
3 single process. Doing so would maximize value for all of the Debtors' stakeholders  
4 and, conversely, the failure to do so would have a material negative impact on the  
5 proceeds that could be realized from the sale of only the Debtor Properties.

6  
7 19. On June 16, 2021, the Debtors held an auction for the Sale Properties. At  
8 the conclusion of the auction, Farmland Reserve, Inc. ("Farmland Reserve") was named  
9 the winning bidder with a bid of \$209 million. A hearing to approve the sale to  
10 Farmland Reserve is currently set for July 14, 2021.

11 20. The interrelationship between the Partners and the Debtors, the ownership  
12 of individual parcels making up the boundaries of the Joint Properties, and the  
13 interconnectedness of the businesses and activities conducted on the Sale Properties,  
14 including among other things, water delivery systems, together create complicated  
15 issues, including over allocation and the application of net proceeds, that are best  
16 addressed in a single, comprehensive sale process that incorporates all of the Sale  
17 Properties. Therefore, as discussed in further detail herein, the Debtors and Partners  
18 agreed to a court-approved Cooperation Agreement [Docket. No. 655] (the  
19 "Cooperation Agreement"),<sup>5</sup> the Cooperation Agreement so that those complicated  
20 issues would not delay or hinder the effort to sell the Sale Properties. Rather, the parties  
21 to the Cooperation Agreement agreed to work together to maximize the value of the  
22 Sale Properties and then determine the resolution of claims among the parties and how  
23 the resulting proceeds should be allocated after the sale.  
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26 <sup>5</sup> A copy of the Cooperation Agreement is attached hereto as **Exhibit B**.

1           21. Without the cooperation of the Partners, the Debtors would be in a position  
2 to sell only those Debtor Properties where the state of ownership is uncontested which  
3 would delay the sale of the other Sale Properties. Even then, given water rights on the  
4 Debtor Properties and their proximity to the Joint Properties and the Non-Debtor  
5 Property, selling the Debtor Properties alone would have a material negative effect on  
6 the sale and ultimately on the total value received by the Debtors' estates. Moreover,  
7 even if an agreement were ultimately reached with respect to the sale of the Joint  
8 Properties and/or the Non-Debtor Property, the failure to market and sell them together  
9 would have materially impaired their value.  
10

11           22. As a result of the Partners' cooperation and the inclusion of the Joint  
12 Properties and the Non-Debtor Property in the proposed sale, the Debtors' sale process  
13 resulted in a stalking horse bid for the Sale Properties of more than \$193 million, and a  
14 final winning bid at the auction of \$209 million.  
15

16           23. In exchange for agreeing to the immediate sale of the Non-Debtor Property  
17 in a cooperative fashion, the Partners obtained via the Cooperation Agreement the  
18 Debtors' commitment to seek an injunction against any party that sought to take action  
19 against the Partners before the Debtors' chapter 11 plan became effective. The Partners  
20 will not continue to cooperate with the Debtors if they are forced to litigate with their  
21 creditors outside of the Debtors' bankruptcy cases while the sale process is ongoing  
22 before an allocation has been determined and a plan confirmed. Of the six Enjoined  
23 Parties identified in the Cooperation Agreement, five have consented to the terms of the  
24 injunction in the Cooperation Agreement. Rabo is the lone party that has refused to  
25 consent, necessitating the bringing of this action.  
26



24. If the Debtors were to default in seeking or obtaining an injunction against the last hold-out, Rabo, and the Partners were to terminate the Cooperation Agreement before the completion of the sales, the financial consequences to the Debtors and their estates would be devastating. Even if the sales were able to be completed, the Partners' continuing obligation to cooperate in the development of an allocation process and their willingness to negotiate a consensual plan are essential to the Debtors' efforts to develop a plan that provides for recovery to the creditors in a reasonable period of time. If an agreement with respect to the allocation of the sale proceeds and/or a contribution of the Partners to a plan is not achieved, then any meaningful recovery to creditors will become mired in extensive and costly litigation to the detriment of all.

**C. The Rabo Debt and the Rabo Action**

25. Rabo filed the Rabo Complaint naming the Partners, 3E Properties, and Jody Easterday as defendants (the "Rabo Defendants"). At its core, Rabo is seeking to collect on a debt that it alleges it is owed by Farms and Cody Easterday, referred to in the Complaint as the VF Loan (the "Farms Loan"). Rabo asserts that the Farms Loan is in default and that it is owed no less than \$1,053,244.59 (as of February 8, 2021) with interest accruing at a rate of twenty-one percent (21%) per annum. Rabo Complaint ¶55. Rabo further asserts that the Farms Loan is secured by the Property and is subject to the Mortgages. Rabo Complaint ¶ 13. The Property is owned by 3E Properties, Jody Easterday and the Partners. Rabo Complaint ¶¶ 5-9. The Rabo Complaint further alleges that Farms is obligated under the Mortgages and so each of the Partners is jointly and severally liable for the Farms Loan under Washington law. Rabo Complaint ¶¶ 6-9.



1           26. Rabo's assertions with respect to both the Event of Default and the security  
2 for the Farms Loan are based on reading together two separate loan agreements referred  
3 to in the Rabo Complaint as the RLOC Credit Agreement and the MCA. It is the  
4 Debtors' understanding that the obligations of the borrowers under the RLOC Credit  
5 Agreement and the MCA have been satisfied in full, but Rabo has refused to release its  
6 liens in connection with those agreements in order to leverage them to collect on the  
7 separate Farms Loan debt. In fact, Rabo seized on the death of Gale Easterday to declare  
8 an Event of Default under the RLOC Credit Agreement and the MCA (notwithstanding  
9 payment in full), and has asserted that this Event of Default constituted a cross-default  
10 under the Farms Loan. Rabo Complaint ¶ 44.

11  
12           27. Rabo further alleges that the filing of bankruptcy by Farms was a default  
13 under the Farms Loan but Rabo is not suing Farms because of the automatic stay.  
14 Complaint ¶ 45.

15  
16           28. Based on these alleged Events of Default, Rabo is suing the Partners and  
17 the other Rabo Defendants in order to foreclose on the Mortgages that Rabo alleges  
18 secure the Farms Loan based on language in the RLOC Credit Agreement and MCA  
19 that broadly defines the "Obligations" being secured to include other indebtedness of  
20 the Borrowers, including Cody Easterday, under those agreements. Rabo Complaint  
21 ¶¶ 22-24, 30-36.

22  
23           29. The Rabo Action is being actively pursued by Rabo against the Partners,  
24 and July 1, 2021 is the deadline for the Partners and the other Rabo Defendants to  
25 answer or otherwise respond to the Rabo Complaint. The Debtors have requested that  
26

1 Rabo stay its foreclosure collection actions against the Partners – a request that Rabo  
2 has refused.

3 **D. Marketing of the Properties**

4  
5 30. On March 26, 2021, the Debtors filed the *Notice and Motion for (I) an*  
6 *Order (A) Approving Bid Procedures for the Sale of Assets; (B) Approving Procedures*  
7 *for the Assumption and Assignment of Executory Contracts and Unexpired Leases; (C)*  
8 *Scheduling the Auction and Sale Hearing; and (D) Granting Related Relief; and (II) an*  
9 *Order (A) Approving the Sale Free and Clear of All Claims, Liens, and Encumbrances;*  
10 *and (B) Approving the Assumption and Assignment or Rejection of Executory Contracts*  
11 *and Unexpired Leases* (the “Bid Procedures Motion”). [Docket No. 486]. The Bid  
12 Procedures Motion sought an order seeking to establish a process for the submission of  
13 bids relating to the Sale Properties. The court entered an order granting the Bid  
14 Procedures Motion on April 29, 2021 [Docket No. 684].

15  
16 31. On May 19, 2021, the Debtors filed the *Supplemental Motion for Approval*  
17 *of (A) Designation of Stalking Horse Bidder and Related Bid Protections in Connection*  
18 *with Auction for Sale of Assets; and (B) Granting Related Relief* [Docket No. 724] (the  
19 “Stalking Horse Motion”) seeking, among other things, approval of a Stalking Horse  
20 Bidder (as defined in the Stalking Horse Motion) and approval of certain bid protections  
21 for the Stalking Horse Bidder. The Stalking Horse Motion sought approval of entry  
22 into the Stalking Horse APA by and among the Debtors and the Partners, as sellers,  
23 and the Stalking Horse Bidder as buyer. As set forth in the Stalking Horse Motion, the  
24 purchase price for the Sale Properties in the Stalking Horse APA was approximately  
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1 \$193 million. On May 27, 2021, the court entered an order approving the Stalking  
2 Horse Motion [Docket No. 744].

3 32. The auction regarding the sale of the Sale Properties was held on June 16,  
4 2021 and resulted in a winning bid of \$209 million. On June 21, 2021, the Debtors filed  
5 the *Notice of Auction Results* [Docket No. 830]. The hearing on the sale of the Sale  
6 Properties is currently scheduled for July 14, 2021.

7  
8 33. The Debtors are proceeding with the sale of the Sale Properties and expect  
9 to receive significant value from their sale. Indeed, as a result of the cooperation of the  
10 Partners and the inclusion of the Joint Properties and the Non-Debtor Property in the  
11 proposed sale, the Debtors' sale process resulted in a stalking horse bid for the Sale  
12 Properties of \$193 million, and resulted in a final winning bid at the auction of \$209  
13 million. This terrific result was only achieved with the significant cooperation of the  
14 Partners. Moreover, closing the sale in the coming weeks and confirming a successful  
15 plan process in the coming months is dependent upon the ongoing cooperation of the  
16 Partners. This cooperation is threatened by the continued prosecution of the Rabo  
17 Action.  
18

19 **E. Cooperation Agreement Between the Debtors and the Partners**

20 34. Debtors require the immediate and ongoing assistance and cooperation of  
21 the Partners – as general partners of Farms, and owners of several of the Sale Properties  
22 – to facilitate the sales process in connection with the Debtors' anticipated plan. The  
23 Partners' cooperation is of critical importance to this process, because it will allow the  
24 Debtors to assure prospective purchasers of their ability to sell all of the parcels  
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1 connected to a particular property and ensure the distribution of the proceeds of such  
2 sales to claimants pursuant to the plan.

3 35. In this regard, the Debtors and the Partners entered into the Cooperation  
4 Agreement. The Debtors filed a *Motion for an Order Authorizing and Approving*  
5 *Cooperation Agreement* on March 26, 2021 [Docket No. 487, as revised by Docket Nos.  
6 493, 576 and 640]. The court entered an order approving the Debtors' entry into the  
7 Cooperation Agreement on April 28, 2021. [Docket No. 655].

9 36. Pursuant to the terms of the Cooperation Agreement, the Partners agreed  
10 to allow the Joint Properties and the Non-Debtor Property to be included as Sale  
11 Properties and to cooperate in their collective marketing and sale. The Cooperation  
12 Agreement also provides for the development of an "Allocation Protocol" for  
13 determining the allocation of the sale proceeds among the sellers. It is the Debtors'  
14 hope that through the process of allocation contemplated in the Cooperation Agreement,  
15 an agreement can also be reached with the Partners concerning their contribution of  
16 proceeds to support plan distributions for each of the Debtors. In order to complete a  
17 sale process that has already moved passed the auction stage and is now in the critical  
18 closing phase, the Debtors require the dedicated, continued cooperation of the Partners.

20 37. A key term of the Cooperation Agreement is that the Debtors obtain a  
21 Consent to Injunction (as defined in the Cooperation Agreement) or an order of the  
22 court enjoining collection efforts against the Partners through the effective date of a  
23 plan. The Cooperation Agreement identifies six parties, the Enjoined Parties, from  
24 whom the Debtors are required to obtain such a consent or injunction. Without such  
25 consents or injunctive orders ensuring the dedication of resources, involvement, support  
26

1 and cooperation of the Partners, the Debtors' sales and plan efforts would be wholly  
2 undermined. Of the six identified Enjoined Parties, five, representing approximately  
3 \$145 million in asserted claims, have agreed to a form of Consent to Injunction or  
4 forbearance agreement. Rabo, with its approximate \$1 million claim, is the lone  
5 holdout.

6  
7 38. A successful sale process inures to the benefit of all of the creditors of  
8 these estates, and could result in satisfaction of any claim of Rabo that is allowed against  
9 Farms thereby resolving any issues relating to the underlying debt and alleged collateral  
10 in the Rabo Action.

11 39. Accordingly, by this Complaint, the Debtors seek an order enjoining  
12 Rabo's prosecution of the Rabo Action, and any other collection efforts, against the  
13 Partners through and including the effective date of a plan.  
14

### 15 **FIRST CLAIM FOR RELIEF**

#### 16 **(For Injunctive Relief under 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 7065)**

17  
18 40. Plaintiffs incorporate herein and re-allege the allegations above.

19 41. Plaintiffs seek a preliminary injunction staying the continued prosecution  
20 of Rabo's collection actions against the Partners, including the Rabo Action, under 11  
21 U.S.C. § 105(a) and Federal Rule of Bankruptcy Procedure 7065 through and including  
22 the effective date of a plan.

23 42. Section 105(a) of the Bankruptcy Code authorizes the court to issue "any  
24 order, process or judgment that is necessary or appropriate to carry out the provisions  
25 of this title." 11 U.S.C. § 105(a). Relief under section 105(a) is particularly appropriate  
26

1 in chapter 11 cases, such as the above-captioned cases, in which the debtors' estates are  
2 impaired by the continuation of litigation against non-debtor parties that impacts the  
3 debtors' ability to maximize the value of estate assets, proceed with the sale of such  
4 assets and propose a plan that provides for the payment of creditors' claims from the  
5 proceeds of such sales.

6  
7 43. Under 11 U.S.C. § 105(a), this court has the power to enjoin Rabo from  
8 pursuing the Partners in the Rabo Action, and from pursuing any other collection efforts  
9 by Rabo that would impact the Debtors' ability to maximize the value and sell assets of  
10 the estate and propose and confirm a plan that provides for the payment of creditors'  
11 claims from the proceeds from such sales.

12 44. Unless enjoined, Rabo's conduct will irreparably harm the Debtors – and  
13 their creditors – by distracting the Partners at the very point where the Debtors' require  
14 the Partners' attention and cooperation in connection with the sales and reorganization  
15 process.  
16

17 45. The Partners have agreed to the terms of the Cooperation Agreement with  
18 the Debtors on the condition that, *inter alia*, Rabo is enjoined from pursuing collection  
19 efforts against the Partners as requested by way of this Complaint.

20 46. The Debtors intend to file a joint chapter 11 plan to provide for the  
21 payments of creditors' claims, including any allowed claims of Rabo. The funding of  
22 the plan will be from the proceeds received by the Debtors' estates as a result of the  
23 contemplated sales process of the Sale Properties – a process that has the support of the  
24 major creditor constituencies in these chapter 11 cases. The cooperation of the Partners  
25  
26

1 is a critical component of this process, and a key to the Debtors' ability to confirm a  
2 plan.

3 47. The relief sought here does not impact the asserted claims and liens of  
4 Rabo, which will continue to have the same validity, extent and priority as such claims  
5 and liens would otherwise be entitled absent this action.

6 48. If Rabo is allowed to continue with its current course of conduct, it will  
7 unnecessarily put the Debtors' reorganization in jeopardy.

8 49. The potential harm to the Debtors and other creditors from not enjoining  
9 the collection efforts far outweighs the potential harm to Rabo.

10 50. Issuance of injunctive relief will serve the public interest in that it will  
11 protect the integrity of the Debtors' plan efforts. This is in the best interests of all  
12 creditors.

13 51. The Debtors lack an adequate remedy at law. The Partners are the general  
14 partners of Farms, and asserted co-owners of certain of the Sale Properties and asserted  
15 sole owners of certain other Sale Properties. The Partners, and their cooperation, are  
16 thus an essential part of the Debtors' efforts to confirm a chapter 11 plan that treats all  
17 creditors fairly. Rabo's pursuit of the Partners is interfering with the Partners' readiness  
18 and ability to cooperate in the contemplated sale process, which interference will impair  
19 the maximization of value and the payment of creditors' claims in these chapter 11  
20 cases.

21 52. Thus, injunctive relief enjoining Rabo from pursuing its collection against  
22 the Partners, including by way of the pending Rabo Action, is both necessary and  
23 appropriate under 11 U.S.C. § 105(a).



1       **WHEREFORE**, the Debtors respectfully pray for judgment as follows:

2       A. For a determination and judgment on the First Claim for Relief that the  
3       Debtors are entitled, under 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 7065, to  
4       injunctive relief prohibiting Rabo from undertaking or pursuing any collection  
5       efforts against the Partners, including by way of the Rabo Action, through and  
6       including the effective date of a plan;

7  
8       B. For costs of suit incurred herein; and

9       C. Such other and further relief as the court deems just and proper.  
10

11      DATED: June 28, 2021

BUSH KORNFELD LLP

12                   /s/ Thomas A. Buford, III

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19                   *Attorneys for Plaintiffs and Debtors and Debtors in*  
20                   *Possession*  
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27      COMPLAINT FOR INJUNCTIVE  
28      RELIEF – Page 16

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## **EXHIBIT A**

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*Attorneys for Rabo AgriFinance LLC*

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF  
WASHINGTON, RICHLAND DIVISION

RABO AGRIFINANCE LLC, a Delaware  
limited liability company, fka Rabo  
Agrifinance, Inc.,

Plaintiff,

v.

3E PROPERTIES, a Washington general  
partnership; KAREN EASTERDAY, as an  
individual, as the personal representative of  
the estate of Gale Easterday, deceased, and  
the marital community of Karen Easterday  
and Gale Easterday; CODY EASTERDAY  
and DEBBY EASTERDAY, individually and  
the marital community thereof; and JODY  
EASTERDAY, individually and the marital  
community of Jody Easterday and Andrew H.  
Wills,

Defendants.

**Civil Case No.**

COMPLAINT FOR JUDICIAL  
FORECLOSURE OF MORTGAGES,  
AND FOR MONEY JUDGMENT BASED  
ON RCW 25.05.125

Complaint

DAVIDSON BACKMAN MEDEIROS  
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A PROFESSIONAL LIMITED LIABILITY COMPANY  
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FACSIMILE: (509) 623-1660  
(509) 624-4600

COMES NOW Plaintiff Rabo AgriFinance LLC, fka Rabo Agrifinance, Inc.,  
 1 by and through its counsel of record, and for its causes of action against  
 2 Defendants 3E Properties, Karen Easterday (individually, as the personal  
 3 representative for Gale Easterday, deceased, and the martial community of Karen  
 4 Easterday and Gale Easterday), Cody Easterday (individually and the marital  
 5 community of Cody Eaterday and Debby Easterday), Debby Easterday  
 6 (individually and the marital community of Debby Easterday and Cody Easterday),  
 7 and Jody Easterday (individually and the marital community of Jody Easterday and  
 8 Andrew H. Wills), alleges as follows:  
 9  
 10  
 11

### **THE PARTIES, JURISDICTION, AND VENUE**

12  
 13 1. Plaintiff Rabo AgriFinance, LLC (“Plaintiff” or “Rabo”) is a  
 14 Delaware limited liability company that is authorized to do business and is doing  
 15 business in the State of Washington.  
 16

17 2. Rabo’s sole member is Utrecht-America Holdings, Inc. (“UAH”).  
 18 UAH is a Delaware corporation with its principal place of business in New York  
 19 City, New York.  
 20

21 3. Defendant 3E Properties (“3E”) is a Washington general partnership  
 22 and is the owner of portions of the real property, located in Franklin County,  
 23 Washington, that is the subject of this action. 3E’s general partners are Jody  
 24  
 25

Complaint-1

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Easterday, Cody A. Easterday, Debby Easterday, Gale A. Easterday and Karen L. Easterday, all of whom are residents of the State of Washington.

4. 3E is sued in this action as a property owner and as a mortgagor under the 2009 Mortgage (defined below) and the 2018 Mortgage (defined below) (collectively, the “Mortgages”), and Rabo seeks to foreclose 3E’s interest in the real property encumbered by the Mortgages.

5. Defendant Karen L. Easterday (“Karen<sup>1</sup>”) is a Washington resident who is sued in this action in her individual capacity, in her capacity as the personal representative of Gale A. Easterday (“Gale”), who is now deceased [*See* Probate Case No. 21-4-50004-11, Franklin County, Washington], and to the extent applicable, the marital community of Karen and Gale, are sued in this action as an owner and mortgagor under the Mortgages, and Rabo seeks to foreclose Karen’s interest in the real property encumbered by the Mortgages. Karen also is a general partner of Easterday Farms, a Washington general partnership (“Farms”). Rabo also seeks a separate money judgment against Karen pursuant to RCW 25.05.125, as Farms is an obligor of the debt at issue in this action and Karen is jointly and severally liable for the debt under Washington law.

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<sup>1</sup> Due to the numerous Defendants bearing the same last name, Easterday, Plaintiff will use the first names for each Defendant. No disrespect is intended.

6. On information and belief, any and all actions taken by Karen with respect to the matters set forth herein were taken both on behalf of Karen individually and on behalf of the marital community with Gale. Rabo therefore is also seeking a money judgment against the marital community comprised of Karen and Gale.

7. Defendant Cody Easterday (“Cody”) is a Washington resident. Cody individually, and to the extent applicable, the marital community of Cody and Debby Easterday, are sued in this action, as an owner and mortgagor under the Mortgages, and Rabo seeks to foreclose Cody’s interest in the real property encumbered by the Mortgages. Cody also is a general partner of Farms. Rabo also seeks a separate money judgment against Cody pursuant to RCW 25.05.125, as Farms is an obligor of the debt at issue in this action and Cody is jointly and severally liable for the debt under Washington law. Rabo also seeks a money judgment against Cody for breach of contract.

8. On information and belief, any and all actions taken by Cody with respect to the matters set forth herein were taken both on behalf of Cody individually and on behalf of the marital community with Debby Easterday. Rabo therefore is also seeking a money judgment against the marital community comprised of Cody and Debby Easterday.

Complaint-3

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9. Defendant Debby Easterday (“Debby”) is a Washington resident.

1 Debby individually, and to the extent applicable, the marital community of Cody  
2 and Debby, are sued in this action, as an owner and mortgagor under the  
3 Mortgages, and Rabo seeks to foreclose Debby’s interest in the real property  
4 encumbered by the Mortgages. Debby also is a general partner of Farms. Rabo  
5 also seeks a separate money judgment against Debby pursuant to RCW 25.05.125,  
6 as Farms is an obligor of the debt at issue in this action and Debby is jointly and  
7 severally liable for the debt under Washington law.  
8

10. On information and belief, any and all actions taken by Debby with  
11 respect to the matters set forth herein were taken both on behalf of Debby  
12 individually and on behalf of the marital community with Cody. Rabo therefore is  
13 also seeking a money judgment against the marital community comprised of Cody  
14 and Debby.  
15

11. Defendant Jody Easterday (“Jody”) is a Washington resident. Jody,  
12 and to the extent applicable, the marital community of Jody and Andrew H. Willis,  
13 are sued in this action, as an owner and mortgagor under the Mortgages, and Rabo  
14 seeks to foreclose Jody’s interest in the real property encumbered by the  
15 Mortgages.  
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Complaint-4

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12. On information and belief, to the extent applicable, any and all actions taken by Jody with respect to the matters set forth herein were taken both on behalf of Jody individually and on behalf of the marital community comprised of Jody and Andrew H. Wills.

13. This action concerns real property and related fixtures and improvements described more fully in **Exhibit “A”** and **Exhibit “B”** attached hereto (collectively, the “Property”). Generally speaking, the Property has the following property addresses, Assessor Parcel Numbers, and abbreviated legal descriptions:

Exhibit “A”--Property Encumbered by 2009 Mortgage:

Property Address: 5235 Industrial Way/1427 North 1<sup>st</sup> Avenue, Pasco, Washington 99301

Assessor Parcel Numbers: 112021017 and 113130040

Abbreviated Legal: Portion of SW4 of 8-9-30 and Blocks 13 and 14, Northern Pacific Addition to the City of Pasco

Exhibit “B”--Property Encumbered by 2018 Mortgage:

Property Address: 90 and 110 Pillsbury Road, Mesa Washington 99343

Assessor Parcel Numbers: 121231032 and 121231091

Abbreviated Legal: Lots 1 and 2, Short Plan No. 98-09

14. To Rabo's knowledge, none of the Defendants is in the military  
1 service for the United States of America or is entitled to the protections of the  
2 Servicemembers' Civil Relief Act or similar state protections.  
3

4 15. This Court has original diversity jurisdiction in this matter pursuant to  
5 28 U.S.C. § 1332 as there is complete diversity between Rabo, on the one hand,  
6 and each of the Defendants, on the other hand, and the damages in this case exceed  
7 the sum or value of \$75,000.00, exclusive of interest and costs.  
8

9 16. With respect to citizenship of the parties, Rabo is a citizen of  
10 Delaware and Missouri, and its sole member, UAH, is a citizen of Delaware and  
11 New York. Thus, for purposes of diversity jurisdiction, Rabo is a citizen of  
12 Delaware, Missouri and New York. All Defendants are citizens of Washington.  
13 There is thus complete diversity between Rabo and the Defendants in this action.  
14

15 17. Venue is proper in this judicial district pursuant to 28 U.S.C. §  
16 1391(b)(1) because all Defendants are residents of the State of Washington, and at  
17 least one of the Defendants resides in the judicial district known as the United  
18 States District Court for the Eastern District of Washington.  
19

20 18. Venue also is proper in this judicial district pursuant to 28 U.S.C. §  
21 1391(b)(2) because a substantial part of the events or missions giving rise to  
22  
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24  
25

Complaint-6

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Rabo's claims in this case occurred in this judicial district, and because the real property that is the subject of this action is located in this judicial district.

### **FACTUAL BACKGROUND**

19. Rabo incorporates and realleges the preceding paragraphs of this complaint, as if fully set forth herein.

A. The RLOC Credit Agreement, the MCA, and the Mortgages Granted Thereunder.

20. On September 4, 2009, the Defendants and other persons and entities not named as parties herein entered into a *Credit Agreement* (the "RLOC Credit Agreement") with Rabo related to an operating line of credit loan. The RLOC Credit Agreement was subsequently amended numerous times, including through a *Tenth Amendment to Credit Agreement and Other Loan Documents*, dated January 2, 2018.

21. To secure their obligations under the RLOC Credit Agreement, the Defendants executed and delivered to Rabo that certain *Washington Mortgage, Security Agreement, Fixture Filing and Financing Statement*, dated September 4, 2009 (the "2009 Mortgage"). The 2009 Mortgage was duly recorded on September 18, 2009 as AFN#1740144, records of the Auditor of Franklin County, Washington. The property encumbered by the 2009 Mortgage (the "2009 Mortgage Property") is legally described in Exhibit "A" attached hereto, has a

Complaint-7

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property address of 5235 Industrial Way/1427 North 1<sup>st</sup> Avenue, Pasco, WA 99301, and bears Assessor Parcel Numbers 112021017 and 113130040.

22. By its terms, the 2009 Mortgage secures not only repayment of any amounts owed under the RLOC Credit Agreement but also “the payment of such additional loans or advances and such other debts, obligations and liabilities of every kind or character, of Mortgagor or the maker of the Note, evidenced by a promissory note, guaranty, or otherwise, whether one or more, now existing or arising in the future, in favor of the applicable Mortgagee or any other person; PROVIDED HOWEVER THAT such other loans, advances, debts, obligations and liabilities shall be secured by this Mortgage only if the promissory note, guaranty, or other document evidencing such shall recite that it is to be secured by this Mortgage . . .”

23. By its terms, the 2009 Mortgage also secures “the payment of any substitute notes, renewals, reamortizations, conversion agreements and extensions of all indebtedness secured by this Mortgage.”

24. All Defendants named herein, including Cody, are the “maker of the Note” that was executed in conjunction with the RLOC Credit Agreement. Further, all Defendants named herein, including Cody, are Mortgagors under the 2009 Mortgage.

Complaint-8

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25. On August 9, 2018, the Defendants and other persons and entities not named as parties herein entered into a *Master Credit Agreement* (the “MCA”) with Rabo to evidence and document both new loans and existing loans, including the prior loan evidenced by the RLOC Credit Agreement. A true and correct copy of the MCA, including the Schedule of Definitions and Covenants to the MCA, is attached hereto as **Exhibit “C”**.

26. The MCA expressly referenced the RLOC Credit Agreement, and provided in part as follows:

This Master Credit Agreement is an amendment and restatement of the terms and conditions of Lender’s loan or credit facility as evidenced by that certain Credit Agreement dated September 4, 2009, as amended to the date hereof . . . (the “Existing Loan”). This Credit Agreement does not release or extinguish the indebtedness, liabilities and Obligations of the Borrower under the Existing Loan(s). All Liens and security interests in any real or personal property granted to or for the benefit of Lender for purposes of securing the Existing Loan(s) also secure the Obligations; and Borrower reaffirms the terms and provisions of any mortgage, deed of trust, security agreement or other Instrument or agreement under which any such Lien or such Lien or security interest has been granted to Lender.

27. Accordingly, by its express terms, all Liens granted to Rabo under the RLOC Credit Agreement (including the liens evidenced by the 2009 Mortgage) also secure all Obligations as defined in the MCA.

Complaint-9

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28. To further secure their obligations under the MCA, Defendant 3E executed and delivered to Rabo that certain *Mortgage, Assignment of Rents and Security Agreement*, dated August 9, 2018 (the “2018 Mortgage”). The 2018 Mortgage was duly recorded on September 4, 2018 as AFN#1883943, records of the Auditor of Franklin County, Washington. The property encumbered by the 2018 Mortgage (the “2018 Mortgage Property”) is legally described in Exhibit “B” attached hereto, has a property address of 90 and 110 Pillsbury Road, Mesa WA 99343, and bears Assessor Parcel Numbers 121231032 and 121231091.

29. The 2009 Mortgage Property and the 2018 Mortgage Property are collectively referred to herein as the “Property,” as set forth more fully above.

30. By its terms, the 2018 Mortgage secures the “Secured Obligations” identified in the mortgage, including “all Obligations (defined in the MCA).” The 2018 Mortgage also states that the term “Secured Obligations” includes “future advances made by Mortgagee or Secured Parties, at their option, for any purpose, and all other future Secured Obligations.”

31. As noted above, the MCA expressly says that the 2009 Mortgage secures all Obligations as defined in the MCA, and the 2018 Mortgage also says that it secures all Obligations as defined in the MCA.

32. The MCA defines “Obligations” as “the Loan Obligations and the Hedging Obligations.”

33. The MCA defines “Loan Obligations” as “all indebtedness, liabilities and Obligations of Borrower to Lender arising pursuant to any of the Loan Documents and any Loan Type, whether now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several.”

34. The MCA defines “Loan Documents” as including, among other documents, “all other agreements and instruments required by Lender for purposes of evidencing or securing any Loan, now existing or hereinafter amended, modified or supplemented between Lender and any Borrower.”

35. Because both Mortgages secure “Obligations” as defined in the MCA, and given the broad definition of Obligations in the MCA, the Mortgages secure, in addition to any obligations specifically identified in either the RLOC Credit Agreement or the MCA, any Obligation for any Loan that has been created or extended by Rabo to any Borrower pursuant to any Loan Document for any Loan Type.

36. Cody is a named borrower under both the RLOC Credit Agreement and the MCA. Thus, the Mortgages secure any Obligation of Cody to Rabo even if

Complaint-11

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that Obligation is not owed by any of the other parties to either the RLOC Credit Agreement or the MCA.

B. The Vendor Finance Loan and Events of Default Thereunder.

37. On March 6, 2020, Cody and non-party Farms entered into that certain QuickLine Credit Application and Account Agreement (the “VF Loan Agreement”) to evidence another loan from Rabo (the “VF Loan”). A true and correct copy of the VF Loan Agreement is attached hereto as **Exhibit “D”**.

38. The VF Loan Agreement provides that the VF Loan “shall be secured by any existing and future security agreements, mortgages, deeds of trust or other pledges of collateral (the “Security Documents”) between RAF and you, if any.”

39. The VF Loan Agreement defines certain events that will cause a default under the VF Loan. The enumerated events include (a) the failure to make payment on the VF Loan when due, (b) if there is a default pursuant to the terms of any other loan or loan document that a borrower has with Rabo, and (c) if a borrower files for bankruptcy relief.

40. The VF Loan Agreement provides that prior to default, the unpaid principal owed on the VF Loan will accrue interest “at the non-default annual rate equal to ten percent (10.00%) in excess of the Prime Rate (the ‘Standard Rate’)

1 which rate will be adjusted as of each day of change thereof to reflect changes in  
2 the Prime Rate.”

3 41. The VF Loan Agreement further provides that, upon default, the  
4 unpaid principal owed on the VF Loan will accrue default interest at the rate of  
5 twenty-one percent (21%) per annum.

6 42. The VF Loan Agreement further provides that Rabo is entitled to  
7 collect “all costs of collection” including “reasonable attorney fees, together with  
8 interest at the default rate” if there is a default of the VF Loan.  
9

10 43. Gale was a borrower under the RLOC Credit Agreement and the  
11 MCA. Cody also is a borrower under the RLOC Credit Agreement and the MCA,  
12 as well as a borrower under the VF Loan Agreement.  
13

14 44. Gale passed away on December 10, 2020, and this resulted in an  
15 Event of Default under the RLOC Credit Agreement and the MCA (the death of a  
16 borrower is an express Event of Default under the documents related to those  
17 agreements). The Events of Default under the RLOC Credit Agreement and the  
18 MCA also constituted a default under the VF Loan Agreement.  
19

20 45. Further, on February 8, 2021, Farms filed a voluntary bankruptcy  
21 petition in the United States Bankruptcy Court for the Eastern District of  
22 Washington, Case No. 21-00176-WLH11. Farms is not being sued in this action  
23  
24  
25

Complaint-13

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1 because the automatic bankruptcy stay of 11 U.S.C. § 362(a) prevents such suit. In  
2 any event, the bankruptcy filing by Farms was a separate and independent default  
3 under the VF Loan Agreement.

4 46. The VF Loan has been accruing default interest since December 11,  
5 2020, the day after Gale passed away. As of February 8, 2021, the amount of  
6 \$1,053,244.59 was due and owing on the VF Loan, consisting of (a) unpaid  
7 principal in the amount of \$995,715.33, (b) unpaid contract interest owed as of  
8 December 10, 2020 in the amount of \$23,260.16, and (c) unpaid default interest  
9 from December 11, 2020 to February 8, 2021 in the amount of \$34,244.59.  
10

11 47. The current per diem interest accrual on the VF Loan, calculated at  
12 the default rate of twenty-one percent (21%) per annum, is \$580.83569.  
13

14 48. Rabo also is entitled to collect under the VF Loan Agreement all  
15 collection costs, including reasonable attorneys' fees, from February 8, 2021 until  
16 paid in full, in both the prosecution of the claims in this action and in protecting its  
17 rights and interests in the Farms' bankruptcy case.  
18

19  
20  
21 **FIRST CAUSE OF ACTION**  
22 **(Contract and General Partner Liability**  
23 **Against Defendants Karen, Cody, and Debby Only)**

24 49. Rabo incorporates and realleges the preceding paragraphs of this  
25 complaint, as if fully set forth herein.

Complaint-14

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1           50. Farms is a Washington general partnership. Karen, Cody and Debby  
2 are all general partners of Farms.

3           51. The VF Loan is in default, as set forth above. The VF Loan has not  
4 been paid.

5           52. Farms and Cody, the co-borrowers under the VF Loan, are justly  
6 indebted to Rabo under the VF Loan Agreement in the amount of \$1,053,244.59 as  
7 of February 8, 2021, plus default interest from and after that date at the rate of  
8 twenty-one percent (21%) on the unpaid principal balance, plus all collection costs,  
9 including reasonable attorneys' fees, incurred by Rabo from February 8, 2021,  
10 until paid in full, in both the prosecution of the claims in this action and in  
11 protecting its rights and interests in the Farms' bankruptcy case.  
12  
13  
14

15           53. Rabo is entitled to judgment against Cody for breach of the VF Loan  
16 Agreement in the amount of \$1,053,244.59 as of February 8, 2021, plus default  
17 interest from and after that date at the rate of twenty-one percent (21%) on the  
18 unpaid principal balance, plus all collection costs, including reasonable attorneys'  
19 fees, incurred by Rabo from February 8, 2021, until paid in full, in both the  
20 prosecution of the claims in this action and in protecting its rights and interests in  
21 the Farms' bankruptcy case.  
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Complaint-15

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54. Pursuant to RCW 25.05.125(1), and except for certain exceptions not applicable here, “all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.”

55. Pursuant to RCW 25.05.125(1), Rabo is entitled to judgment against Karen, Cody and Debby, jointly and severally, as general partners of Farms, and to the extent applicable, the marital communities referenced in paragraphs 5 – 10 above, in the amount of \$1,053,244.59 as of February 8, 2021, plus default interest from and after that date at the rate of twenty-one percent (21%) on the unpaid principal balance, plus all collection costs, including reasonable attorneys’ fees, incurred by Rabo from February 8, 2021, until paid in full, in both the prosecution of the claims in this action and in protecting its rights and interests in the Farms’ bankruptcy case.

**SECOND CAUSE OF ACTION**  
**(Judicial Foreclosure of 2009 Mortgage and 2018 Mortgage**  
**Against 3E, Karen, Cody, Debby and Jody)**

56. Rabo incorporates and realleges the preceding paragraphs of this complaint, as if fully set forth herein.

57. The record owners of the 2009 Mortgage Property are Defendants 3E, Karen (both individually and as personal representative for Gale), Cody, Debby and Jody.

Complaint-16

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58. The record owner of the 2018 Mortgage Property is 3E.

59. Pursuant to the Trustee's Sale Guarantee, Guarantee No. 3695103, that Rabo has obtained on the 2009 Mortgage Property, there are no current consensual or non-consensual liens against the 2009 Mortgage Property other than the 2009 Mortgage and the statutory liens securing unpaid real property taxes. A true and correct copy of this Trustee's Sale Guarantee is attached hereto as Exhibit "E."

60. Pursuant to the Trustee's Sale Guarantee, Guarantee No. 3695204, that Rabo has obtained on the 2018 Mortgage Property, there are no current consensual or non-consensual liens against the 2018 Mortgage Property other than the 2018 Mortgage and the statutory liens securing unpaid real property taxes. A true and correct copy of this Trustee's Sale Guarantee is attached hereto as Exhibit "F."

61. By this action Rabo does not seek to foreclose any statutory liens securing unpaid real property taxes, and acknowledges that any sale of the Property will be subject to those liens. Further, Rabo does not seek to foreclose any easements, agreements or other encumbrances of record that were recorded prior to the recording of the 2009 Mortgage and the 2018 Mortgage respectively.

Complaint-17

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62. As noted above, the 2009 Mortgage and the 2018 Mortgage are collectively referred to herein as the “Mortgages,” and the 2009 Mortgage Property and 2018 Mortgage Property are collectively referred to herein as the “Property.”

63. The Mortgages secure repayment of the VF Loan, as further set forth above.

64. The VF Loan is in default, and has not been paid.

65. Rabo is entitled to judicially foreclosure the Mortgages against the Property under RCW 61.12 et seq. based upon the defaults under the VF Loan Agreement and the failure of Farms and its general partners to pay and satisfy the VF Loan in full.

### **PRAYER FOR RELIEF**

WHEREFORE, based upon the foregoing, Plaintiff Rabo AgriFinance LLC prays for the entry of judgment in its favor, and against the Defendants, as follows:

A. ON ITS FIRST CAUSE OF ACTION, for a money judgment against Defendants Karen, both individually, as the personal representative of the estate of Gale, and the marital community of Karen and Gale, Cody and Debby, each jointly and severally, including their marital community, in the amount of \$1,053,244.59 as of February 8, 2021, plus default interest from and after that date at the rate of twenty-one percent (21%) per annum on the unpaid principal balance, plus all

Complaint-18

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1 collection costs, including reasonable attorneys' fees, incurred by Rabo from  
2 February 8, 2021, until paid in full, in both the prosecution of the claims in this  
3 action and in protecting its rights and interests in the Farms' bankruptcy case.

4 B. ON ITS SECOND CAUSE OF ACTION, for the following relief:

5 (1) A judgment and decree adjudging and decreeing that the liens  
6 evidenced by the Mortgages are good and sufficient first and paramount liens upon  
7 the Property which secure the repayment of all amounts owed under the VF Loan,  
8 and ordering that the Property (or such portions thereof as may be necessary) be  
9 foreclosed and sold by the United States Marshall (or such other authorized law  
10 enforcement officer as may be appropriate), according to laws and the practices of  
11 this Court, to satisfy the amounts which may be found herein to be due and owing  
12 to Plaintiff;  
13

14 (2) For a judgment and decree adjudging and decreeing that  
15 Defendants 3E, Karen (both individually and as personal representative for Gale),  
16 Cody, Debby and Jody, and all persons claiming by, through or under them, or any  
17 of them, be forever barred and foreclosed of all right, title, claim or interest or  
18 equity of redemption in and to the Property, and each and every part thereof, and  
19 that Plaintiff have a deficiency judgment against Defendants Karen, Cody and  
20 Debby, each jointly and severally, including any marital communities of which  
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24  
25

Complaint-19

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1 they are a part, for any deficiency remaining after due and property application of  
2 the proceeds of sale as hereinabove stated;

3 (3) For a judgment and decree adjudging and decreeing that as a  
4 result of the foreclosure and sale of the Property, the rights of all Defendants and  
5 any other persons claiming by, through or under them subsequent to the execution  
6 of the Mortgages be adjudged inferior and subordinate to Plaintiff's mortgage liens  
7 and be forever foreclosed except only for the statutory right of redemption allowed  
8 by law; and  
9

10 (4) For a judgment and decree adjudging and decreeing that  
11 Plaintiff may bid at the sale and that Plaintiff or any other party to this action may,  
12 upon producing satisfactory proof of interest, become a purchaser at said sale, that  
13 following said sale the United States Marshall (or such other authorized law  
14 enforcement officer as may be appropriate), be ordered to execute and deliver a  
15 certificate of sale as required by law, and that upon the expiration of the period of  
16 redemption as prescribed by law that the said United States Marshall or other  
17 authorized law enforcement officer be ordered to execute and deliver a Marshall's  
18 Deed to the purchaser of the Property, and that the said purchaser be let into  
19 possession of said Property upon production of said Marshall's Deed.  
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Complaint-20


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1 C. For a judgment awarding Plaintiff its costs incurred herein, including  
2 court costs and the cost of procuring abstracts or other evidences of title and title  
3 insurance in connection with these proceedings, and any sums which Plaintiff has  
4 been or may be required to advance and/or pay during the pendency of these  
5 proceedings for insurance, repairs and/or to pay and discharge any taxes or  
6 assessments levied upon the Property, any sums which the Plaintiff may pay in  
7 redemption of the property from any tax sale and any sums which Plaintiff may  
8 pay to discharge amounts which may become due and owing on or relating to any  
9 prior lien upon the Property, together with interest on the amounts so paid.  
10  
11

12 D. That the Court grant Plaintiff such other and further relief as the Court  
13 deems just, equitable and proper.  
14

15 DATED this 26<sup>th</sup> day of April, 2021.

16 DAVIDSON BACKMAN MEDEIROS PLLC  
17  
18

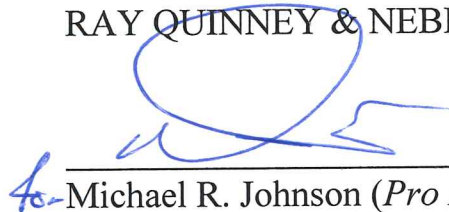
19   
20 \_\_\_\_\_  
21 Bruce K. Medeiros, WSBA No. 16380  
22 601 West Riverside Avenue, Suite 1550  
23 Spokane, Washington 99201  
24 Telephone: (509) 624-4600  
25 Email: bkmedeiros@dbm-law.net

Complaint-21

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-and-

RAY QUINNEY & NEBEKER P.C.

  
\_\_\_\_\_  
4c- Michael R. Johnson (*Pro Hac Vice*  
*Application Pending*)  
36 South State Street, Suite 1400  
Salt Lake City, Utah 84111  
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*Attorneys for Rabo AgriFinance LLC*

Complaint-22

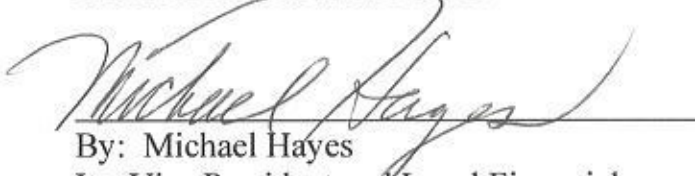
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**VERIFICATION**

1 I, Michael Hayes, in my capacity as a Vice President and Local Financial  
2 Restructuring Manager of Plaintiff Rabo AgriFinance LLC, have read the  
3 foregoing Complaint, have found that all information set forth therein is true and  
4 accurate to the best of my knowledge, and hereby verify the truth and accuracy of  
5 the same.  
6  
7

8 DATED this 21st day of April 2021.

9 RABO AGRIFINANCE LLC

10  
11   
12 By: Michael Hayes

13 Its: Vice President and Local Financial  
14 Restructuring Manager  
15  
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Complaint-23

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## **EXHIBIT B**

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HONORABLE WHITMAN L.  
HOLT

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jrosell@pszjlaw.com

\*Admitted *Pro Hac Vice*

*Attorneys for the Chapter 11  
Debtors and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In re

EASTERDAY RANCHES, INC., *et al.*

Debtors.<sup>1</sup>

Chapter 11

Lead Case No. 21-00141-11  
Jointly Administered

**STIPULATION BY AND BETWEEN  
DEBTORS AND NON-DEBTOR  
SELLERS REGARDING  
COOPERATION WITH RESPECT TO  
THE SALE OF DEBTOR AND NON-  
DEBTOR ASSETS**

<sup>1</sup> The Debtors along with their case numbers are as follows: Easterday Ranches, Inc., (21-00141) and Easterday Farms, a Washington general partnership (21-00176).

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**COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
Page 1**

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Debtor Easterday Farms, a Washington General Partnership (“Farms”), Debtor Easterday Ranches, Inc., a Washington Corporation (“Ranches” and together with Farms, the “Debtors”), Cody Easterday (“CE”), Karen Easterday (“KE”) (in her individual capacity and as the representative of Gale Easterday,<sup>2</sup>), and Debby Easterday (“DE” and together with CE and KE, the “Non-Debtor Sellers”,<sup>3</sup> and collectively with Farms and Ranches, the “Parties” and each a “Party”), by and through their undersigned counsel of record, hereby enter into this stipulation (the “Stipulation”), pursuant to which the Parties stipulate and agree as follows:

**WHEREAS**, on February 1, 2021, Ranches filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) before the United States Bankruptcy Court for the Eastern District of Washington, Yakima Division (the “Bankruptcy Court”).

**WHEREAS**, on February 8, 2021, Farms filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

**WHEREAS**, on February 16, 2021, the Office of the United States Trustee (the “UST”) filed its notice of appointment of the Ranches Official Committee of Unsecured Creditors, as amended [Docket Nos. 152, 154, and 155] (the “Ranches Committee”).

**WHEREAS**, on February 22, the UST filed its notice of appointment of the Farms Official Committee of Unsecured Creditors, as amended [Docket Nos. 187, and 188] (the “Farms Committee” and, together with the Ranches Committee, the “Committees”).

---

<sup>2</sup> Gale Easterday passed away on December 10, 2020.

<sup>3</sup> The Non-Debtor Sellers are also the general partners of Farms.



1 WHEREAS, on March 25, the Bankruptcy Court entered the (i) Final Order  
2 Authorizing Debtor Easterday Farms (the “Farms Cash Collateral Order” to Use Cash  
3 Collateral and Granting Adequate Protection [Dkt. No.471] and (ii) the Final Order  
4 Authorizing Debtor Easterday Ranches, Inc. (the “Ranches Cash Collateral Order,” and  
5 together with the Farms Cash Collateral Order, the “Final Cash Collateral Orders”) to  
6 use Cash Collateral and Granting Adequate Protection [Dkt. No 470], which provide in  
7 the Budget (as defined in the applicable Final Cash Collateral Order) for certain benefits  
8 for KE and DE and payments for KE and DE in the approximate monthly aggregate  
9 amount of \$6,500.

10 WHEREAS, Farms and Ranches are the owners of certain real property  
11 identified on **Exhibit A** hereto (the “Debtor Properties”).

12 WHEREAS, certain of the Non-Debtor Sellers and the Debtors each own  
13 separate parcels of real property contained within the larger boundaries of the real  
14 property identified on **Exhibit A** hereto (the “Joint Properties”).

15 WHEREAS, the Non-Debtor Sellers own certain real property adjacent or  
16 connected to the Debtor Properties or the Joint Properties identified on **Exhibit A** hereto  
17 (the “Non-Debtor Properties” together with the Debtor Properties and the Joint  
18 Properties, the “Sale Properties”).

19 WHEREAS, the lenders identified on **Exhibit A** hereto assert mortgage liens  
20 with respect to the Sale Properties (the “Mortgagees”).

21 WHEREAS, the Parties desire to maximize the value of the Sale Properties and  
22 to pursue sales of the Sale Properties through a Bankruptcy Court approved process.

23 WHEREAS, there may be disputes, claims or other causes of action between and  
24 among the Parties, or other estate representative, which, if pursued, could limit the

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COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
Page 3

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1 ability of the Parties to fully market and sell the Sale Properties and would potentially  
2 decrease the value of the Sale Properties.

3 **WHEREAS**, the Parties desire to pursue a process for the sale of the Sale  
4 Properties, sell the Sale Properties, place all proceeds of sale after payment sufficient to  
5 satisfy the Mortgagees into escrow pending final determination by the Bankruptcy  
6 Court, and reserve all of their respective rights with respect to any claims relating to the  
7 proceeds of the sale of any the Sale Properties.  
8

9 **Based on the foregoing recitals, the Parties hereby stipulate and agree as**  
10 **follows:**

11 1. Development of Bidding Procedures: The Debtors shall seek an order of  
12 the Bankruptcy Court establishing bidding procedures (the “Bidding Procedures”)  
13 relating to the sale of the Sale Properties and such form of bidding procedures shall be  
14 in form and substance reasonably acceptable to the Non-Debtor Sellers. The Non-  
15 Debtor Sellers hereby further agree to the milestones relating to the Bidding Procedures  
16 as set forth on **Exhibit B** hereto.  
17  
18

19 2. Entry into Sales Transactions.

20 a. The Bidding Procedures will establish a process for the Debtors to  
21 determine the highest and best offer for the Sale Properties (including  
22 for individual Sale Properties or groups of Sale Properties) and for  
23 entering into transactions for the sales with respect to the Sale  
Properties (each a “Sale Transaction”).

24 b. To the extent that, pursuant to and in accordance with the Bidding  
25 Procedures, the Bankruptcy Court enters an order approving any Sales  
26 Transaction, any of the Non-Debtor Sellers with an interest in such Sale  
Property or Sale Properties (each a “Selling Party”) hereby agrees to

27 DOCS\_NY:43062.1 20375/001

28 **COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
Page 4**

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1 cooperate with any such Sale Transaction, including but not limited to,  
2 taking any action and entering into and executing any documentation  
3 with respect to such Sale Transaction necessary to relinquish any  
4 ownership rights in such Sale Property and to provide the buyer with  
5 clean title to such Sale Property. Each Non-Debtor Seller hereby  
6 consents to the jurisdiction of the Bankruptcy Court with respect to the  
7 sale of the Non-Debtor Property and entry by the Bankruptcy Court of  
8 any order approving the sale of such Non-Debtor Property, including  
9 the sale of such Non-Debtor Property free and clear of any interests of  
10 the Non-Debtor. For the avoidance of doubt, nothing herein shall  
11 prejudice any other party's right to contest the Bankruptcy Court's  
12 jurisdiction with respect to the sale of Non-Debtor Property. Each Non-  
13 Debtor Seller shall also execute a power of attorney providing either or  
14 both of the Debtors' Co-Chief Restructuring Officers (as the Debtors  
15 shall deem appropriate) with authority to execute any and all  
16 agreements or other documents necessary for the sale and transfer of  
17 such Sale Property including, but not limited to grants, deeds, mortgage  
18 reconveyances, or other documents of transfer necessary to effectuate  
19 any Sale Transaction on behalf of such Non-Debtor Seller.

- 20
- 21 c. The Non-Debtor Sellers shall retain the right to object to any proposed  
22 Sales Transaction, except that no such objection shall be based on any  
23 argument that the Debtors lack authority or otherwise may not sell a  
24 Sale Property, or with respect to the sale milestones set forth in Exhibit  
25 B, and any such objection and any such objection shall be resolved by  
26 the Bankruptcy Court, and each Non-Debtor Seller agrees to be bound  
27 by any resolution of the Bankruptcy Court of such objection and hereby  
28 waives any right to appeal such order of the Bankruptcy Court.

3. Distribution and Deposit of Sale Proceeds:

- a. Following the closing of any Sale Transaction, the proceeds of any such  
Sales Transaction (the "Sale Proceeds") shall be distributed as follows:

*First*, to the applicable Mortgagee for such Sale Property in satisfaction of the  
obligations owed to such Mortgagee that are secured by the applicable mortgage  
(the "Mortgagee Amounts"), *provided however*, that to the extent that any party  
has filed a challenge (a "Mortgage Challenge") with respect to the amount,

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COOPERATION AGREEMENT  
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1 validity, perfection or priority of any lien asserted by a Mortgagee prior to the  
2 closing of the applicable Sales Transaction, then the undisputed portion (if any)  
3 of the Mortgagee Amounts shall be distributed to the Mortgagee, and the disputed  
4 portion of the Mortgagee Amounts with respect to such Mortgagee shall be  
5 placed in an escrow account (on terms and conditions reasonably agreed by the  
6 Debtors and such Mortgagee) pending a final order of the Bankruptcy Court with  
7 respect to such Mortgage Challenge; *provided, further*, there can be no  
8 bankruptcy-related Mortgage Challenge with respect to any Non-Debtor Seller  
9 Property by any Non-Debtor Seller and any such challenges are limited to  
10 remedies, if any, available under applicable non-bankruptcy law. For the  
11 avoidance of doubt, nothing in this Stipulation shall limit or expand the rights of  
12 the Debtors and their estates with respect to any claims relating to Non-Debtor  
13 Seller Property nor shall it grant standing to assert a Mortgage Challenge to any  
14 party that does not have standing to do so pursuant to applicable law. Any  
15 payments made by the Debtors to the Mortgagees in accordance with the  
16 Allocation Protocol or applicable final order of the Bankruptcy Court shall be  
17 final and not subject to disgorgement by the Debtors, their estates or any  
18 successors or assigns thereto, including any trustee.

19 *Second*, to the applicable party for the payment of transaction costs (the  
20 "Transaction Costs") relating to such Sale Transaction (including, but not limited  
21 to, commissions, break-up fees, costs and expenses) approved by the Bankruptcy  
22 Court as part of the Bid Procedures or in conjunction with the Sale Transaction;

23 and

24 *Third*, any remaining Sale Proceeds after funding the Transaction Costs and  
25 Mortgagee Amounts (the "Net Sale Proceeds"), shall be deposited in an escrow  
26 account pursuant to an escrow agreement, the terms of which shall be negotiated  
27 and agreed by all the Parties, in each case acting reasonably (the "Escrow  
28 Account").

- 29 b. In no case shall there be any distribution from the Escrow Account in  
30 advance of either (A) an order of the Bankruptcy Court approving a  
31 stipulation of all of the Selling Parties relating to the allocation and  
32 distribution of the Sale Proceeds, which shall be brought by motion on  
33 no less than 14 days' notice, unless the Committees, the Mortgagees  
34 and Enjoined Parties agree to a shorter notice period or (B) an order of

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36 **COOPERATION AGREEMENT**  
37 **REGARDING SALE OF ASSETS –**  
38 **Page 6**

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the Bankruptcy Court following a motion on no less than 14 days' notice and hearing regarding allocation of the Net Sale Proceeds.

4. Development of Allocation Protocol: The Parties shall, as soon as reasonably practicable following the execution of this Stipulation, negotiate in good faith and attempt to reach agreement on a timely basis on a protocol for resolving disputes concerning the allocation of Net Sale Proceeds from Sale Transactions (the "Allocation Protocol"), which Allocation Protocol shall provide procedures for determining allocation of Net Sales Proceeds where the Selling Parties in such Sale Transaction have been unable to reach agreement regarding such allocation with any allocation determination being subject to approval by the Bankruptcy Court. The Debtors will include the Committees, the Mortgagees and the Enjoined Parties in the negotiations regarding the Allocation Protocol but the consent of those parties shall not be required for the Debtors' agreement with the Non-Debtor Sellers with respect to any Allocation Protocol, *provided further*, that any Allocation Protocol shall be subject to approval by the Bankruptcy Court upon notice and hearing, and the rights of the Parties, the Debtors, the Committees, the Mortgagees and the Enjoined Parties shall all be reserved with respect to any proposed Allocation Protocol. The Parties agree that the Allocation Protocol will provide a mechanism for the participation of the Committees, the Enjoined Parties and the Mortgagees with respect to any negotiations concerning allocation of the Net Sale Proceeds. The Parties further agree that the Allocation

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**COOPERATION AGREEMENT  
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1 Protocol will provide, among other things, any adjudication of the allocation of Net Sale  
2 Proceeds will be made exclusively by the Bankruptcy Court and each Non-Debtor Seller  
3 agrees to be bound by the Bankruptcy Court's order resolving the allocation dispute.  
4 Unless this Stipulation is otherwise terminated in accordance with its terms, to the  
5 extent a distribution is made to the Non-Debtor Sellers in accordance with the  
6 Allocation Protocol such funds shall be placed in a separate escrow account subject in  
7 all respects to further order of the Bankruptcy Court. Nothing in this section 4  
8 prejudices any parties' rights with respect to the Allocation Protocol nor constitutes  
9 court approval of any such protocol.  
10  
11  
12

13 5. Maintenance of Properties Pending Sale. Pending the sale of any of the  
14 Sale Properties, the Party or Parties currently responsible for the maintenance of such  
15 Sale Property, including payment of any taxes, insurance or other expenses relating to  
16 such Property shall remain responsible for the maintenance of such Sale Property in the  
17 same manner and proportion as prior to execution of this Stipulation.  
18  
19

20 6. Entry Into Stipulation is Without Prejudice.

21 a. Nothing in this Stipulation shall prejudice the rights of any Party or  
22 otherwise constitute an amendment, modification or waiver of the  
23 rights of any Party to assert such party's interests in the Net Sale  
24 Proceeds from any Sale Transaction (other than provisions with respect  
25 to the Allocation Protocol through which Non-Debtor Sellers agree to  
26 be bound by the Bankruptcy Court's ruling with respect to allocation of  
27 Net Sale Proceeds).

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- 1 b. Nothing in this Stipulation shall prejudice or impair the rights of any  
2 Party with respect to any claim or cause of action against any other  
3 Party or the defenses and/or counterclaims of any Party with respect  
4 thereto.
- 5 c. Nothing in this Stipulation shall prejudice or impair the rights of any  
6 Mortgagees and any valid and properly perfected liens of any  
7 Mortgagee in any of the Sale Properties. Any such liens shall attach to  
8 the Sale Proceeds relating to the sale of such Sale Property with the  
9 same validity and priority as of the date of such Sale Transaction,  
10 *provided, however*, nothing in this Stipulation shall prejudice the rights  
11 of any Party to challenge the validity, perfection or priority of any lien  
12 asserted by a Mortgagee and any and all defenses of such Mortgagee  
13 are also reserved.
- 14 d. Nothing in this Stipulation shall prejudice or impair the rights of any  
15 Enjoined Party with respect to any valid and properly perfected liens  
16 (including Adequate Protection Liens, as defined in the Final Cash  
17 Collateral Orders), claims, rights, interests, and encumbrances in any of  
18 the Sale Properties or personal property, if any, included in the sale of  
19 the Sale Properties. Any such liens, claims, rights, interests, and  
20 encumbrances shall attach to the Sale Proceeds relating to the sale of  
21 such Sale Properties or personal property in the same order of priority,  
22 with the same validity, force and effect as of the date of such Sale  
23 Transaction, *provided, however*, nothing in this Stipulation shall  
24 prejudice the rights, if any, of the Debtors, the Non-Debtor Sellers or  
25 the Committees to challenge the validity, perfection or order of priority  
26 of any lien asserted by any Enjoined Party and any and all defenses of  
27 any Enjoined Party are also reserved.

21 7. Non-Debtor Sellers Not to Transfer Assets. The Non-Debtor Sellers  
22 hereby agree that for so long as this Stipulation is in effect, the Non-Debtor Sellers shall  
23 not transfer or otherwise lease or encumber *any* of the Sale Properties except as  
24 expressly provided in Section 2 hereof. The Non-Debtor Sellers further hereby agree  
25 that for so long as this Stipulation is in effect, the Non-Debtor Sellers shall not, without

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28 COOPERATION AGREEMENT  
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1 the prior-written consent, which consent will not be unreasonably withheld, of the  
2 Debtors, transfer or otherwise lease or encumber *any* of their other material assets or  
3 properties (for purposes of this Section 7, “material” shall mean any individual assets  
4 or properties having a fair market value equal to or greater than \$37,500.00, outside of  
5 the ordinary course of business (a “Non-Debtor Seller Transaction”), provided further  
6 that the aggregate amount of such Non-Debtor Seller Transactions may not exceed  
7 \$100,000 with respect to each Non-Debtor Seller, *provided however*, that the Debtors  
8 their estates are hereby deemed as part of this Stipulation to agree that the transactions  
9 described in **Exhibit C** hereto are not breaches of this Stipulation. Except with respect  
10 to the transactions identified in Exhibit C hereto which shall be deemed permitted upon  
11 entry by the Bankruptcy Court of an order approving this Stipulation (and which, for  
12 the avoidance of doubt shall not be included in calculation of the aggregate limit with  
13 respect to Non-Debtor Seller Transactions), the Debtors shall provide five (5) business  
14 days’ written notice (including via electronic mail) to the Committees, the Enjoined  
15 Parties and the Mortgagees of the Debtors’ consent to any additional Non-Debtor Seller  
16 Transaction and any parties receiving such notice shall have five (5) business days to  
17 indicate in writing (including via electronic mail) to the Debtors that such party objects  
18 to any such Non-Debtor Seller Transaction. If the Debtors are unable to resolve such  
19 objection, then the Debtors shall seek Bankruptcy Court approval with respect to the  
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28 **COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
Page 10**

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1 Debtors' consent to such Non-Debtor Seller Transaction and the rights of all parties  
2 with respect to any such proposed Non-Debtor Seller Transaction are reserved, *provided*  
3 *further*, that the failure to obtain Bankruptcy Court approval for such proposed Non-  
4 Debtor Seller Transaction shall not be a default under this Stipulation if the Debtors  
5 sought approval, where appropriate, but such approval was denied by the Bankruptcy  
6 Court for such proposed Non-Debtor Seller Transaction. If such request for consent is  
7 denied, it shall be a breach of this Stipulation for any Non-Debtor Seller to engage in  
8 such Non-Debtor Seller Transaction. Any breach of this Section 7 by any Non-Debtor  
9 Seller shall be a basis for termination of any injunction against such breaching Non-  
10 Debtor Seller provided for in Section 8 hereof, *provided, however*, all of the obligations  
11 of each of the Non-Debtor Sellers under this Stipulation shall continue in full force and  
12 effect notwithstanding such termination of the injunction against such breaching Non-  
13 Debtor Seller. To the extent any Non-Debtor Seller disposes of any personal property,  
14 except as provided above, that is subject to the lien of an Enjoined Party while this  
15 Stipulation is in effect, the Enjoined Party's lien shall attach to the proceeds of such sale  
16 and the Non-Debtor Seller shall place those proceeds into an escrow account (on terms  
17 and conditions reasonably agreed by the Non-Debtor Sellers and the Enjoined Parties  
18 asserting liens in the related assets).

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28 **COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
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1           8.     Injunction Regarding Property and Assets of Non-Debtor Sellers. In  
2 exchange for the cooperation of the Non-Debtor Sellers with respect to the sale of the  
3 Sale Properties through these Bankruptcy Cases as contemplated herein, and as a  
4 condition to the effectiveness of this Stipulation, the Debtors shall (i) obtain, either  
5 through stipulation<sup>4</sup> with the parties identified on **Exhibit D** hereto (along with any  
6 successors-in-interest or assignees, the “Enjoined Parties”), or (ii) an order of the  
7 Bankruptcy Court with respect to the Enjoined Parties, an agreement or injunction,  
8 respectively, prohibiting the Enjoined Parties from taking the following actions (the  
9 “Enjoined Actions”) with respect to assets or property of any of the Non-Debtor Sellers  
10 pursuant to Sections 362 and 105 of the Bankruptcy Code, including, but not limited to:

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- 14
- 15           a. the commencement or continuation, including the issuance or  
16 employment of process, of a judicial, administrative, or other action or  
17 proceeding against any Non-Debtor Sellers;
- 18           b. the enforcement, against any Non-Debtor Sellers of any judgment  
19 obtained against such Non-Debtors Seller;
- 20           c. any act to obtain possession of property of any of the Non-Debtor  
21 Sellers or to exercise control over property of any Non-Debtor Sellers;
- 22           d. any act to create, perfect, or enforce any lien against property of the any  
23 Non-Debtor Sellers;
- 24           e. any act to collect, assess, or recover a claim against any Non-Debtor  
25 Sellers;

26 <sup>4</sup> Attached as Exhibit E hereto is a form of consent for each Enjoined Party with  
27 respect to the injunction set forth in this Section 8.

1 *provided further*, that the Debtors will use reasonable efforts to obtain a similar  
2 stipulation or injunction against any other party that seeks to take any Enjoined Action  
3 with respect to the property or assets of any Non-Debtor Sellers, or, the Debtors may  
4 seek an injunction that more broadly protects the Non-Debtor Sellers with respect to  
5 actions by their creditors, and the Debtors' failure to obtain such injunction, including  
6 the denial of a request for such an injunction by the Bankruptcy Court, shall be a breach  
7 of this Stipulation and, on written notice to the Debtors (including via electronic mail),  
8 the Non-Debtor Sellers may terminate their continued performance hereunder. In  
9 addition, if the Debtors fail to seek or obtain an injunction against a party that seeks to  
10 take an Enjoined Action to the property or assets of any Non-Debtor Sellers, any  
11 Enjoined Party with an interest in such property or assets of such Non-Debtor Sellers,  
12 may, on five (5) business days' notice, seek an order from the Court terminating the  
13 injunction against such Enjoined Party with respect to such property or assets of the  
14 Non-Debtor Sellers, *provided, further*, the rights of the Parties with respect to any such  
15 request are reserved. Notwithstanding the above, such injunction shall not prohibit the  
16 Debtors or the Committees from seeking reasonable informal or formal discovery in the  
17 Bankruptcy Cases pursuant to Bankruptcy Rule 2004 with respect to any Non-Debtor  
18 Sellers subject to the rights of such Non-Debtor Sellers to object to such discovery.  
19 The Enjoined Parties and the Mortgagees shall have the right to receive promptly any

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**COOPERATION AGREEMENT  
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1 written discovery and attend any depositions in connection with any discovery  
2 conducted by the Debtors or the Committees. To the extent that any Enjoined Party or  
3 Mortgagee believes additional discovery is necessary or appropriate, nothing in this  
4 Stipulation shall prohibit such Enjoined Party or Mortgagee from filing a motion before  
5 the Bankruptcy Court seeking discovery relating only to an analysis of the assets and  
6 liabilities of the Non-Debtor Sellers and the rights of all Parties with respect to any such  
7 motion or discovery requests are expressly reserved. Notwithstanding the foregoing,  
8 nothing in this Stipulation will prevent any party from filing a claim in the probate  
9 proceedings regarding the estate of Gale Easterday. Additionally, notwithstanding the  
10 above, nothing herein shall prevent the Committees from filing motions seeking  
11 standing to bring derivative actions against any of the Non-Debtor Sellers or filing  
12 objections to claims of any Non-Debtor Sellers, *provided, further*, that all rights of the  
13 Parties are reserved with respect to such standing motion or objections to claims, and,  
14 *provided, further*, that if any such motion for standing is granted, or any objection to  
15 any such claim is permitted to go forward, including requiring a response by any Non-  
16 Debtor Seller, prior to the termination of this Stipulation, then this Stipulation shall be  
17 deemed terminated and no Party, including any Enjoined Party, shall have any further  
18 obligation hereunder. The Debtors agree to oppose any such motion for standing and  
19 to seek to adjourn any proceedings with respect to such objection to claim, and any  
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Page 14**

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1 failure timely to do so or failure to be successful in such opposition or in obtaining such  
2 adjournment to be successful shall be a breach by the Debtors of this Stipulation and  
3 shall entitle the Non-Debtor Sellers to terminate this Stipulation and cease their  
4 performance hereunder.  
5

6 9. Financial Information of Non-Debtor Sellers. It shall be a condition to  
7 entry into this Stipulation that each of the Non-Debtor Sellers shall provide the Debtors,  
8 the Committees, the Enjoined Parties and the Mortgagees with a statement of personal  
9 assets and liabilities and other financial information reasonably requested by the  
10 Debtors and the Committees within five (5) days from the entry of an order approving  
11 this Stipulation.  
12

13 10. Representation and Warranty Regarding Estate of Gale Easterday. Karen  
14 Easterday hereby represents and warrants that she is the sole legal representative of the  
15 estate of Gale Easterday and has the power and authority to execute this Stipulation and  
16 to perform all of the acts required hereunder, including, but not limited to, selling the  
17 interests of Gale Easterday in any of the Non-Debtor Seller Properties.  
18

19 11. Waiver of Default. The Debtors shall provide notice to the Non-Debtor  
20 Sellers, the Committees, the Mortgagees and the Enjoined Parties of any default by any  
21 Non-Debtor Seller hereunder. The Debtors shall further provide five (5) business days'  
22 notice to the Non-Debtor Sellers, the Committees, the Mortgagees and the Enjoined  
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28 COOPERATION AGREEMENT  
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Parties of any determination by the Debtors to waive any such default. Any of the Committees, the Mortgagees and Enjoined Parties may challenge the waiver of such default and the rights of all Parties with respect to any such challenge are reserved. This Stipulation shall remain in full force and effect notwithstanding such waived default unless the Debtors agree in writing or there is an order of the Bankruptcy Court denying the ability of the Debtors to waive such default.

12. Participation of Committees. Farms and Ranches hereby agree that with respect to any of the matters referred to herein as to which the agreement or determination of either of the Debtors are required, such Debtor shall include both of the Committees in any negotiations on such issues.

13. Term of Agreement. This Stipulation will terminate upon the earlier of (i) the effective date of any confirmed plan of reorganization or liquidation in the Bankruptcy Cases, (ii) August 31, 2021 if no Sale Transaction is approved by the Bankruptcy Court prior to such date, or (ii) December 31, 2021. If there is a material adverse change with respect to the treatment of KE and DE pursuant to the Final Cash Collateral Orders, then KE and DE may, on written notice to the Debtors and the Enjoined Parties (including via electronic mail), terminate their continued performance hereunder, provided that such performance shall continue with respect to any Sale

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Transaction that has been approved by the Bankruptcy Court prior to the provision of such notice of termination.

14. Immediate Effect of this Stipulation Upon the Court's Approval.

Notwithstanding anything to the contrary in the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, of the Local Bankruptcy Rules, the effectiveness of this Stipulation shall not be stayed in any respect. The Stipulation shall be effective immediately upon entry.

15. Binding Effect. This Stipulation is binding upon the Parties, their successors, assigns, affiliates, officers, directors, shareholders, partners, investors, members, employees, agents, and professionals.

16. Jurisdiction. The court shall retain sole and exclusive jurisdiction to hear and determine all matters arising from or relating to the interpretation and/or enforcement of this Stipulation.

17. Notice. Any notice to be given under this stipulation may be given by electronic mail at counsel for the applicable party at the address for notice as provided in Exhibit F hereto.

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**COOPERATION AGREEMENT  
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1  
2  
3 **IT IS SO STIPULATED, THROUGH COUNSEL OF RECORD**  
4

5 DATED April 28, 2021.

BUSH KORNFELD LLP

6 /s/ Thomas Buford

7 THOMAS A. BUFORD, III (WSBA 52969)

8 BUSH KORNFELD LLP

9 RICHARD M. PACHULSKI (Admitted *Pro Hac*  
10 *Vice*)

11 JEFFREY W. DULBERG (Admitted *Pro Hac Vice*)

12 MAXIM B. LITVAK (Admitted *Pro Hac Vice*)

13 PACHULSKI STANG ZIEHL & JONES LLP

14 *Attorneys for Debtors and Debtors in Possession*

15 DATED April 28, 2021.

SUSSMAN SHANK LLP

16 /s/ Jeffrey Misley

17 JEFFREY C. MISLEY (WSBA 850674)

18 SUSSMAN SHANK LLP

19 *Attorneys for Cody and Debby Easterday*

20 DATED April 28, 2021. TONKON TORP LLP

21 /s/ Timothy Conway

22 TIMOTHY J. CONWAY (WSBA 52204)

23 TONKON TORP LLP

24 *Attorney for Karen Easterday, individually and as*  
25 *personal representative of the probate estate of Gale*  
26 *Easterday*

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28 **COOPERATION AGREEMENT  
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**EXHIBIT A**  
**Sale Properties**

***Debtor Properties***

<b>Property</b>	<b>Owners</b>	<b>Mortgagees</b>
Nine Canyon Farms	Ranches	Prudential Insurance Company of America ("Prudential")
Storage Complex	Farms	LTM Investments LLC

***Joint Properties***

<b>Property</b>	<b>Owners</b>	<b>Mortgagees</b>
Cox Farm	Ranches, Farms, Non-Debtor Sellers	Equitable Financial Life Insurance Company f/k/a AXA Equitable Life Insurance Company
River Farm	Farms, Non-Debtor Sellers	Prudential

***Non-Debtor Properties***

<b>Property</b>	<b>Owners</b>	<b>Mortgagees</b>
Goose Gap Farm	Non-Debtor Sellers	Prudential

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**EXHIBIT B**  
**SALE PROCEDURES MILESTONES<sup>5</sup>**

<b>Event</b>	<b>Proposed Deadlines</b>
Deadline to File Notice of Intent to Assume and Assign Transferred Contracts and Proposed Cure Amounts	May 5, 2021
Hearing on any Stalking Horse or Bid Protections Objections (if any) or, alternatively, to set dates and deadlines for a naked auction process (subject to Court availability)	Eight (8) days after the Stalking Horse Bidder Motion or No Stalking Horse Notice, as applicable, is filed
Deadline to File Objections to Proposed Cure Amounts	May 17, 2021
Deadline to File and Serve Sale Notice	Four (4) days after entry of the Stalking Horse Approval Order
Deadline to Submit Bids	May 31, 2021 at 4:00 p.m. (Pacific Time)
Survey Contingency Waiver Deadline	June 8, 2021 at 5:00 p.m. (Pacific Time)
Deadline for Debtors to Notify Bidders of Status as Qualified Bidders	June 10, 2021, at 5:00 p.m. (Pacific Time)
Auction (if necessary)	June 14, 2021, at 10:00 a.m. (Pacific Time)

<sup>5</sup> The Proposed Deadlines remain subject to approval of the Bankruptcy Court in connection with the Bidding Procedures Motion.

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Event	Proposed Deadlines
Deadline to File Notice of (a) Successful Bid and Backup Bid and (b) Identity of Successful Bidder and Backup Bidder	One day following conclusion of the Auction
Deadline to File (a) Objections to Sale and (b) Objections to Assumption and Assignment of Contracts	[●], 2021 at 4:00 p.m. (Pacific Time)
Reply Deadline	[●], 2021 at 4:00 p.m. (Pacific Time)
Sale Hearing Date	[●], 2021 at 4:00 p.m. (Pacific Time)

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**EXHIBIT C**  
**APPROVED NON-DEBTOR SELLER TRANSACTIONS**

The encumbrance of certain property and assets of the entities described below (certain of the Non-Debtor Sellers hold ownership interests in these entities) in connection with the transactions (the “Lindsay Canyon Transactions”) contemplated pursuant to that *Binding Term Sheet* or final terms approved at the hearing thereon (the “Term Sheet”)<sup>1</sup> by and among (i) Farms, (ii) Ranches, (iii) Canyon Farm, LLC and Canyon Farm II, LLC (“Canyon Farm”), (iv) 3C Farms, LLC (“3C Farms”), and (v) Easterday Farms Dairy, LLC (“Dairy”), including, but not limited to, pledge or guaranty of any of the property or interests of 3E Properties, 3C Farms, Easterday Farm Produce, Co., and Dairy as collateral to secure financing related to the entry of 3C Farms and Dairy into the Lindsay Canyon Transactions. For the avoidance of doubt, the property or assets to be pledged are the assets of the separate corporate entities in which Non-Debtor Sellers hold equity or other ownership interests and are not assets or property owned directly by any Non-Debtor Seller, and Debtors are including their consents to the transactions of these entities in connection with the Lindsay Canyon Transactions for purposes of full disclosure and out of an abundance of caution in light of Debtors’ role in the Lindsay Canyon Transactions.

<sup>1</sup> The Term Sheet was filed with the Bankruptcy Court as part of the Emergency Motion For An Order Approving (I) Lindsay Canyon Binding Term Sheet And Authorizing Entry Into Definitive Documentation; (II) Scheduling Hearing To Approve Entry Into Dip Financing Loan; And (III) Granting Related Relief [Dkt. No. 465]

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1 .  
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4 Any disposition by CE and DE of their ownership interests in Easterday Farms Dairy,  
5 LLC.  
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28 **COOPERATION AGREEMENT  
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**EXHIBIT D**  
**ENJOINED PARTIES<sup>7</sup>**

Washington Trust Bank  
Tyson Fresh Meats, Inc.  
Prudential Insurance Company of America  
Deere & Company d/b/a John Deere Financial  
Rabo Agrifinance LLC  
CHS Capital, LLC

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<sup>7</sup> The parties identified on this Exhibit D have asserted or threatened to assert claims or take action seeking to enforce rights against one or more of the Non-Debtor Sellers. As noted in paragraph 8 of the Stipulation, Debtors reserve the right to seek to enjoin any other party asserting claims or seeking to enforce rights against any of the Non-Debtor Sellers.

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1 **EXHIBIT E**

2 **FORM OF CONSENT TO INJUNCTION**

3  
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5 THOMAS A. BUFORD (WSBA #52969)  
6 RICHARD B. KEETON (WSBA #51537)  
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HONORABLE WHITMAN L.  
HOLT

10 RICHARD M. PACHULSKI (CA Bar #90073)\*  
11 JEFFREY W. DULBERG (CA Bar #181200)\*  
12 JASON H. ROSELL (CA Bar #269126)\*  
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jrosell@pszjlaw.com

16 \*Admitted *Pro Hac Vice*

17 *Attorneys for the Chapter 11*  
18 *Debtors and Debtors in Possession*

19 **UNITED STATES BANKRUPTCY COURT**  
20 **EASTERN DISTRICT OF WASHINGTON**

21 In re

22 EASTERDAY RANCHES, INC., *et al.*  
23 Debtors.<sup>8</sup>

Chapter 11

Lead Case No. 21-00141-11  
Jointly Administered

**CONSENT TO INJUNCTION**  
**RELATING TO NON-DEBTOR**  
**SELLERS IN CONNECTION WITH**  
**COOPERATION AGREEMENT**

25 <sup>8</sup> The Debtors along with their case numbers are as follows: Easterday Ranches, Inc.,  
26 (21-00141) and Easterday Farms, a Washington general partnership (21-00176).

1 \_\_\_\_\_

2 **WHEREAS**, Debtor Easterday Farms, a Washington General Partnership

3 (“Farms”), Debtor Easterday Ranches, Inc., a Washington Corporation (“Ranches” and

4 together with Farms, the “Debtors”), Cody Easterday (“CE”), Karen Easterday (“KE”)

5 (in her individual capacity and as the representative of Gale Easterday,<sup>9</sup>), and Debby

6 Easterday (“DE” and together with CE and KE, the “Non-Debtor Sellers”), entered into

7 that certain *Stipulation By and Between Debtors and Non-Debtor Sellers Regarding*

8 *Cooperation with Respect to the Sale of Debtor and Non-Debtor Assets* (the

9 “Cooperation Agreement”).<sup>10</sup>

11 **WHEREAS**, on February 1, 2021, Ranches filed a voluntary petition for relief

12 under chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) before

13 the United States Bankruptcy Court for the Eastern District of Washington, Yakima

14 Division (the “Bankruptcy Court”).

15 **WHEREAS**, on February 8, 2021, Farms filed a voluntary petition for relief

16 under chapter 11 of the Bankruptcy Code.

17 **WHEREAS**, on April 28, 2021, the Bankruptcy Court entered an order

18 approving the Debtors’ entry into the Cooperation Agreement [Docket No.       ].

19 **WHEREAS**, pursuant to the terms of the Cooperation Agreement, the Debtors

20 are required to enter into a stipulation or otherwise obtain an injunction with respect to

21 any party taking action to enforce rights or remedies against property or assets of the

22 Non-Debtor Sellers.

23 \_\_\_\_\_

24 <sup>9</sup> Gale Easterday passed away on December 10, 2020.

25 <sup>10</sup> A copy of the Cooperation Agreement is attached hereto as **Exhibit A**. Capitalized

26 Terms used and not otherwise defined herein have the meaning ascribed thereto in the Cooperation Agreement.



1       **WHEREAS** [Name of Party] (the “Enjoined Party”) asserts interests in the  
2 property or assets of the Non-Debtor Sellers.

3       **WHEREAS**, the Enjoined Party has reviewed the terms and conditions of the  
4 Cooperation Agreement.

5       **WHEREAS**, in an effort to maximize the value of the Sale Properties, the  
6 Enjoined Party is willing to consent to certain provisions of the Cooperation Agreement  
7 on the terms and conditions set forth herein and in the Cooperation Agreement.

8       **Based on the foregoing recitals, the Parties hereby stipulate and agree as**  
9 **follows:**

10       1.    Consent to Injunction. Subject to the terms and conditions of the  
11 Cooperation Agreement, the Enjoined Party consents to be bound by the terms of the  
12 injunction set forth in the “Injunction Regarding Property and Assets of Non-Debtor  
13 Sellers” section of the Cooperation Agreement. For the avoidance of doubt, this  
14 injunction will terminate upon the termination of the Cooperation Agreement or as such  
15 injunction may otherwise be terminated pursuant to the terms of the Cooperation  
16 Agreement.  
17  
18

19       2.    Entry Into this Consent is Without Prejudice.

- 20  
21       a. Except for the consent to injunction set forth in section 1 above, nothing  
22 in this Consent shall prejudice or impair the rights of the Enjoined Party  
23 with respect to any claim or cause of action against any of the Non-Debtor  
24 Sellers or the Debtors, including, without limitation, the right of the  
25 Enjoined Party to move under 28 U.S.C. § 157 to withdraw the reference  
26 following termination of the injunction.
- 27       b. Nothing in this Consent shall prejudice or impair the rights of the Enjoined  
28 Party with respect to any valid and properly perfected liens (including

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**CONSENT TO INJUNCTION – Page 4**

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Adequate Protection Liens, as defined in the Final Cash Collateral Orders), claims, rights, interests, and encumbrances in any of the Sale Properties or personal property, if any, included in the sale of the Sale Properties. Any such liens, claims, rights, interests, and encumbrances shall attach to the Sale Proceeds relating to the sale of such Sale Properties or personal property in the same order of priority, with the same validity, force and effect as of the date of such Sale Transaction, *provided, however*, nothing in this Stipulation shall prejudice the rights, if any, of the Debtors, the Non-Debtor Sellers or the Committees to challenge the validity, perfection or order of priority of any lien asserted by any party and any and all defenses of the Enjoined Party are also reserved.

3. Binding Effect. This Consent is binding upon the Enjoined Party, its successors, assigns, affiliates, officers, directors, shareholders, partners, investors, members, employees, agents, and professionals.

4. Jurisdiction. The Bankruptcy Court shall retain sole and exclusive jurisdiction to hear and determine all matters arising from or relating to the interpretation and/or enforcement of this Consent, provided, however, that the District Court shall have jurisdiction over any motion filed pursuant to 28 U.S.C. § 157.

**IT IS SO CONSENTED, THROUGH COUNSEL OF RECORD**

[SIGNATURES TO FOLLOW]

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**CONSENT TO INJUNCTION – Page 5**

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## EXHIBIT F

### ADDRESSES FOR NOTICE

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**COOPERATION AGREEMENT  
REGARDING SALE OF ASSETS –  
Page 1**

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